roll over your minimum required distribution.

To a Tax-Qualified Retirement Plan

Before you elect to roll your distribution over to another retirement plan, you should confirm that the plan is tax-qualified and that it will accept a rollover (which may include after-tax money) on your behalf.

If You Elect an Annuity

Choose one of the following annuity options:

- Single Life Annuity
- 50% Joint & Survivor Annuity
- 100% Joint & Survivor Annuity
- Ten-Year Certain and Life Annuity

See the *Glossary* for the definitions of Single Life Annuity, 50% Joint & Survivor Annuity, 100% Joint & Survivor Annuity, and Ten-Year Certain and Life Annuity.

If you are married, you must have your spouse's written, notarized consent to elect a Single Life Annuity or the Ten-Year Certain and Life Annuity, or to name someone other than your spouse as beneficiary.

The insurance company requires a minimum balance for you to purchase an annuity. The minimum balance required for 2007 is $10,000. This amount is subject to change.

If You Choose to Defer

If you choose to defer, no action is necessary and you many continue to direct the investments in your account. However, distributions must begin the earlier of:

- If you retire after the age of 70½, distributions must commence by April 1 of the year following your retirement.
- If you retire prior to reaching the age 70½, distributions must commence by April 1 of the year following the year in which you attain age 70½.

If you choose to defer your distribution and you do not make a distribution election by the time you reach age 70½ and you are not employed by Merrill Lynch or an affiliate, the portion of your account representing the required minimum distribution will be liquidated and sent via check to your home. However, you can elect an immediate distribution at any time prior to age 70½ by calling the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. Representatives are available 7:00 am to 8:00 pm Eastern time any business day the New York Stock Exchange is open. If you are outside the U.S., call 609.818.8817 collect to speak with a representative.

If you elect to defer your distribution, keep you address and beneficiary information up to date by contacting the Employee Service Center at 866.654.7411.

Note: You can continue to direct the investments in your account until your distribution occurs.

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When Your Distribution Begins

There is a one-month processing period after you retire or terminate. Your account cannot be paid out during this processing period. However, you may continue to direct the investments in your 401(k) Plan account until your distribution occurs. See the *Glossary* for a definition of processing period.

If it is important for you to receive your distribution as soon as possible, you should wait until the end of the processing period to make an election.

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Net Unrealized Appreciation

It is important to note that you may be eligible for favorable tax treatment on the net unrealized appreciation (NUA) of shares of Merrill Lynch common stock paid out to you, but only if you take a total distribution of your account balances in all Merrill Lynch qualified plans (including qualified plans maintained by Merrill Lynch affiliates) within the same calendar year. NUA applies to company stock distributions taken in-kind and is the difference between the cost basis and market value of the stock at the time a lump sum distribution is taken. See the *Glossary* for the definitions of cost basis and in-kind.

To qualify for favorable tax treatment, you must receive a qualified lump sum distribution. A qualified lump sum distribution is a **distribution of all account balances under all Merrill Lynch qualified plans** (including qualified plans maintained by Merrill Lynch affiliates) **within the same tax year.** (Please consult with a tax advisor to determine if you meet the IRS requirements to receive a qualified lump sum distribution.) The following is a list of all Merrill Lynch qualified plan accounts:

- Merrill Lynch & Co., Inc. 401(k) Savings & Investment Plan, which includes:
  - 401(k) Plan account, including the ESOP account
  - Deferred Profit Sharing account
  - VOCON account
- Merrill Lynch & Co., Inc., Retirement Program, which includes:
  - Retirement Accumulation Plan account, including the ESOP account
  - Employee Stock Ownership (ESOP)
- Becker Employees' Profit Sharing Plan

Note: The rules that apply to NUA are complex and contain many conditions and exceptions. As a result, you should consult a professional tax advisor before taking any action.

NUA applies to company stock distributions taken in-kind and is the difference between the cost basis and market value of stock at the time a qualified lump sum distribution is taken. The benefit of NUA is the special tax treatment that allows you to receive Merrill Lynch common stock and pay ordinary income taxes on the average cost of the shares in the year they are distributed from the plan, rather than the current market value. The tax on the difference between the cost basis of the shares and the stock's market value – the net unrealized appreciation – is not due until the stock is sold and is taxed at capital gains rates. See the *Glossary* for the definitions of cost basis and in-kind.

For more information, see the *Special Tax Notice Regarding Plan Payments* in your quarterly statements. The *Special Tax Notice Regarding Plan Payments* is also available:

- Online
  - Go to the Leadership & Talent Management (LTM) website and access the 401(k) Info Center site
  - Visit Benefits OnLine® at www.benefits.ml.com
- By calling the the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. Representatives are available 7:00 am to 8:00 pm Eastern time any business day the New York Stock Exchange is open. If you are outside the U.S., call 609.818.8817 collect to speak with a representative
- With quarterly participant statements

Note: It is important to consult with a professional tax advisor before taking any action.

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In Case of Your Death

If you die while working at Merrill Lynch, your beneficiary receives the full value of your 401(k) Plan account, regardless of your years of service. If you die after you terminate and have not yet received a distribution, your beneficiary receives the vested portion of your 401(k) Plan account. For more information, see Your Beneficiary.

In general, your beneficiary may choose:

- Direct payment
- Transfer to his or her Merrill Lynch brokerage account
- Rollover directly to an IRA

Note: A beneficiary may also purchase an annuity for a minimum of $10,000 (in 2007) for all or a portion of the balance in the Retirement Program. This amount is subject to change annually.

When Your Beneficiary Receives a Distribution

There is a one month processing period from the date of your death. Your accounts cannot be paid out during this processing period. See the Glossary for the definition of processing period.

The timing of your beneficiary's distribution depends on when the Employee Services Group at 866.654.7411 is notified of your death and when your beneficiary returns the completed Retirement Program Beneficiary Distribution Form.

Generally, the distribution is completed within two weeks from the receipt of the completed Retirement Program Beneficiary Distribution Form by the Employee Services Group; however, stock certificates require about six weeks.

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If You Have a Deferred Profit Sharing or Vocon Account

On This Page:

- Your Beneficiary
- Withdrawals
- When You Retire or Terminate
- In Case of Your Death

Your accounts under the Merrill Lynch 401(k) Savings & Investment Plan may include Vocon and Deferred Profit Sharing accounts.

Merrill Lynch made contributions to Deferred Profit Sharing accounts prior to 1973. If you have a Deferred Profit Sharing account, your account balance is 100% vested.

Vocon accounts consist of employee after-tax contributions and earnings. Contributions to these accounts ended in 1986. If you have a Vocon account, your account balance is 100% vested.

If you have a Deferred Profit Sharing and/or a Vocon account, the provisions for withdrawals and the distribution options at retirement, termination or death are different from those for your 401(k) Plan account. You also make separate beneficiary designations.

Your Beneficiary

Your beneficiary receives the value of your Vocon or Deferred Profit Sharing account if you die before your account is distributed. See the *Glossary* for the definition of beneficiary. The following beneficiary designations are automatic for your accounts unless you elect otherwise.

- **If you are married** – Your beneficiary is automatically your spouse, unless you designate another beneficiary and your spouse provides written, notarized consent.
- **If you are not married** (or if you are legally separated) – Your beneficiary is automatically the beneficiary you designate for your Merrill Lynch Basic Group Life Insurance Plan, unless you designate another beneficiary. However, your account balance will be paid to your estate if you have not designated a Basic Group Life Insurance Plan beneficiary, have assigned your Basic Group Life Insurance Plan or no longer have Basic Group Life Insurance Plan coverage.

Be sure to periodically review your beneficiary designations, or whenever you have a life event. For more information, see *Life Events*.

You may change your Vocon and/or Deferred Profit Sharing account beneficiary at any time by filling out a

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Vocon and/or a Deferred Profit Sharing Account Beneficiary Designation Form. You must indicate the percentage distribution for each beneficiary – in whole percentages – and the total of your beneficiary designations must equal 100%. Forms are available on the Leadership & Talent Management (LTM) website or you can request a form by calling the the Employee Service Center at 866.654.7411.

Note: You must use the Vocon and/or Deferred Profit Sharing Account Beneficiary Designation Form to designate your beneficiary. You cannot use another document, such as a will, to designate beneficiaries for your accounts.

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Withdrawals

As an active employee, you may withdraw assets from Your Deferred Profit Sharing and/or Vocon accounts by electing one of the following options:

- Payment to you
- Transfer to your brokerage account
- Rollover to your IRA or a tax-qualified retirement plan
- Purchase of an annuity.

See the *Glossary* for the definition of annuity.

If you are married, withdrawals from your Vocon account must be paid as an annuity. If you are married and would like to elect another withdrawal option, you must have your spouse's written, notarized consent to elect any withdrawal option other than a 50% or 100% Joint & Survivor Annuity.

To make a withdrawal, call the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. If you are outside the U.S., call 609.818.8817 collect to speak with a representative.

When making a withdrawal from your Vocon account, you must first withdraw the after-tax money in your account. After-tax contributions can be rolled over to either an IRA or certain employer plans that accept rollovers of after-tax contributions. (See the *Special Tax Notice Regarding Plan Payments* for more information.)

The processing of your withdrawal generally is completed within one week after your request.

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When You Retire or Terminate

When you leave Merrill Lynch, you decide what you want to do with your Deferred Profit Sharing and/or Vocon accounts.

You may choose:

- Deferral of your distribution until a later date, subject to certain age restrictions
- Payment to you
- Transfer to a brokerage account
- Rollover or partial rollover to your IRA or a tax-qualified retirement plan
- Purchase of an annuity

See the *Glossary* for a definition of an annuity.

Note: If you are married, you must have your spouse's written, notarized consent to elect any distribution option other than a 50% or 100% Joint & Survivor Annuity for your Vocon account. See the *Glossary* for a

definition of 50% Joint & Survivor Annuity and 100% Joint & Survivor Annuity.

Distributions After Age 70½

The Internal Revenue Code mandates that, if you no longer work for Merrill Lynch or an affiliate, distributions of your plan benefits must begin by April 1 of the year that follows the year in which you turn age 70½. If you are still working at age 70½, distributions need not begin until your employment with Merrill Lynch or an affiliate ends.

Making Your Distribution Elections

When you retire or terminate, information about your distribution options will be sent to you. To make a distribution election, access Benefits OnLine® at www.benefits.ml.com or call the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. If you are outside the U.S., call 609.818.8817 collect to speak with a representative.

The following chart summarizes your distribution options and the steps for making your elections.

Step One: Determine When You Need Your Savings	Step Two: Choose a Distribution Option	Step Three: Choose a Type of Payment		
		Cash	In-kind Securities	Merrill Lynch Common Stock & Cash
NOW You pay taxes now on the amount you receive.	Payment to you[1]	☑	N/A	☑
	Transfer to your Merrill Lynch brokerage account [1]	☑	☑	☑
	Transfer to your non-Merrill Lynch brokerage account	☑	☑	☑
	Purchase an annuity and begin payment immediately [2]	☑	N/A	N/A
LATER You continue to defer taxes.	Direct rollover to:			
	• Your Merrill Lynch IRA	☑	☑	☑
	• Your non-Merrill Lynch IRA	☑	N/A	☑ [3]
	• A tax-qualified retirement plan	☑	N/A	☑ [3]
	Defer distribution of account balance – Not available if you retire on or after age 70½.	N/A	N/A	N/A
Cash – The investments in your account will be sold and paid as cash. If you elect a direct rollover to a non-Merrill Lynch IRA or a tax-qualified retirement plan, a check will be sent to your home made payable to the financial institution or plan you have selected.				
In-kind Securities – All of the eligible investments in your account will be transferred in-kind into				

your brokerage account. Ineligible investments will be sold and transferred as cash. (Because of legal and/or operational issues, some investments cannot be delivered in-kind to your Merrill Lynch account.) See the *Glossary* for the definition of in-kind.
Merrill Lynch Common Stock & Cash – Any whole shares of Merrill Lynch common stock in your account will be paid in-kind. All other investments in your account will be sold and paid as cash. If you elect a direct rollover to a non-Merrill Lynch IRA or a tax-qualified retirement plan, a stock certificate and/or a check will be sent to your home made payable to the financial institution or plan you have selected.
[1]If eligible, you can elect to take advantage of favorable tax treatment (e.g., net unrealized appreciation of Merrill Lynch common stock you receive). For more information, see the *Special Tax Notice Regarding Plan Payments*, available through the 401(k) Info Center site or call the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. If you are outside the U.S., call 609.818.8817 collect to speak with a representative. [2]You pay taxes on the monthly amounts you receive. [3]Provided the other financial institution or tax-qualified retirement plan accepts Merrill Lynch common stock.

Things to Do or Consider When You Elect a Withdrawal or a Distribution from Your Vocon and/or Deferred Profit Sharing Account

The following addresses things to do or consider if you have a Vocon and/or Deferred Profit Sharing account and elect a withdrawal or a distribution.

If You Elect a Rollover

Keep in mind, you may elect to roll over specific investments to your IRA, and choose a non-rollover distribution option (i.e., payment to you, transfer to your brokerage account or purchase of an annuity) for the remainder.

To an IRA

Be sure to consider:

- If you elect a direct rollover of your withdrawal or distribution to your IRA, you must establish the IRA before you make your distribution elections.
- You cannot elect to roll over your withdrawal or distribution to a Roth IRA.
- If you're taking a distribution during the year in which you reach age 70½ or later, you cannot roll over your minimum required distribution.

To a Tax-Qualified Retirement Plan

Before you elect to roll your withdrawal or distribution over to another retirement plan, you should confirm that the plan is tax-qualified and that it will accept a rollover (which may include after-tax money) on your behalf. You may rollover amounts in your Roth account to another qualified retirement plan if certain conditions are met, including that the transferee plan can separately account for your Roth amounts and that the Roth amounts to be trasferred exceed $200. See special tax notice.

If You Elect an Annuity

Choose one of the following annuity options.

- Single Life Annuity
- 50% Joint & Survivor Annuity
- 100% Joint & Survivor Annuity
- Ten-Year Certain and Life Annuity.

See the *Glossary* for the definitions of Single Life Annuity, 50% Joint & Survivor Annuity, 100% Joint & Survivor Annuity and Ten-Year Certain and Life Annuity.

If you are married, you must have your spouse's written, notarized consent to elect a Single Life Annuity or the Ten-Year Certain and Life Annuity, or to name someone other than your spouse as beneficiary.

The insurance company requires a minimum balance for you to purchase an annuity. The minimum balance required for 2007 is $10,000. This amount is subject to change annually.

If You Choose to Defer

If you choose to defer, no action is necessary and you many continue to direct the investments in your account. However, distribution of your account balance must begin April 1 of the year that follows the year in which you reach age 70½.

If you choose to defer your distribution and you do not make a distribution election by the time you reach age 70½, a portion of the assets in your account will be sold and distributed to you as cash as soon as practicable, with taxes automatically withheld. This type of distribution is referred to as a Minimum Required Distribution. However, you can elect an immediate distribution at any time prior to age 70½ by calling the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. If you are outside the U.S., call 609.818.8817 collect to speak with a representative .

If you elect to defer your distribution, keep your address and beneficiary information up to date by contacting the Employee Service Center at 866.654.7411.

Note : You can continue to direct the investments in your account until your distribution occurs.

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In Case of Your Death

If you die before your Deferred Profit Sharing and/or Vocon accounts are distributed, your beneficiary will receive in-kind distributions and may elect one of the following options for each account:

- Direct payment
- Transfer to his or her brokerage account
- Transfer to his or her non-Merrill Lynch brokerage account.

See the *Glossary* for the definition of in-kind.

Distributions are generally completed within one week from receipt of the documentation provided by your beneficiary.

If your beneficiary is your spouse, he or she also may choose to roll over all or a portion of the distributions in-kind directly to an IRA. Your spouse may also choose to receive the distribution in the form of a Single Life Annuity.

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Paying Taxes

A withdrawal or a distribution is generally taxable to you as ordinary income if the withdrawal or the distribution is not rolled over. In addition to ordinary income tax, you generally pay an additional tax of 10% for a withdrawal or a distribution received before age 59½, unless:

- You leave at or after age 55, or
- The withdrawal or distribution is rolled over to your IRA or a tax-qualified retirement plan.

If a withdrawal or distribution is not directly rolled over to an IRA or a tax-qualified retirement plan, Merrill Lynch generally is required to withhold 20% of the taxable amount of the withdrawal or distribution for federal income taxes. You will not, however, be required to sell any Merrill Lynch common stock you receive in-kind to satisfy the 20% withholding requirement. See the *Glossary* for the definition of in-kind.

More information is contained in the *Special Tax Notice Regarding Plan Payments*, which outlines the potential tax consequences of withdrawals and distributions as well as any favorable tax treatment you might be eligible to take advantage of. For a copy, access the 401(k) Info Center site on the Leadership & Talent Management (LTM) website or call the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. If you are outside the U.S., call 609.818.8817 collect to speak with a representative.

Before electing a withdrawal or distribution, you may want to speak with your personal tax advisor.

If you work in Puerto Rico, your 401(k) contributions and Merrill Lynch matching contributions are subject to local taxes upon distribution or withdrawal. Earnings are subject to federal and local taxes.

If you work outside the U.S., some international employees are subject to the special tax rules of the country where they are located. For more information, see If You Work Outside the U.S.

Favorable Tax Treatment

If you receive a lump-sum distribution, you may be eligible to take advantage of favorable tax treatment (e.g., net unrealized appreciation of Merrill Lynch common stock and/or 10-year averaging). A lump-sum distribution is a distribution, within the same tax year, of all Merrill Lynch qualified plans (including qualified plans maintained by Merrill Lynch affiliates) that is distributed (including via a rollover) after you have reached age 59½ or because of retirement, termination or death.

The following is a list of all Merrill Lynch & Co., qualified plan accounts:

- Merrill Lynch 401(k) Savings & Investment Plan, which includes:

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- 401(k) Plan account, including the ESOP account
    - Deferred Profit Sharing account
    - VOCON account
- Merrill Lynch & Co., Inc., Retirement Program, which includes:
    - Retirement Accumulation Plan account, including the ESOP account
    - Employee Stock Ownership (ESOP)
- Becker Employees' Profit Sharing Plan

For more information on favorable tax treatment for lump-sum distributions, see the *Special Tax Notice Regarding Plan Payments.* For a copy, access the 401(k) Info Center site on the Leadership & Talent Management (LTM) website or call the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. If you are outside the U.S., call 609.818.8817 collect to speak with a representative.

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When Contributions End

Your Pretax, Roth (after-tax), Catch-up (if applicable), After-tax and Matching contributions end with the first pay period after the date that any of the following occur:

- You become ineligible to contribute to the plan.
- You become disabled (and your eligible compensation stops).
- You retire or terminate (and your eligible compensation stops).
- You die (and your eligible compensation stops).
- Merrill Lynch permanently discontinues both 401(k) contributions and Merrill Lynch matching contributions.
- Merrill Lynch terminates the plan or amends the plan to eliminate participation.

Note: If you take a hardship withdrawal, your 401(k) contributions and Merrill Lynch Matching contributions will be suspended for six months.

See the *Glossary* for the definition of eligible compensation.

Your participation ends when you no longer have an account balance. However, as long as you have an account balance, you may continue to direct the investments in your account.

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- If You Take a Leave of Absence
- If You Become Disabled
- If You Are Rehired
- If You Become Ineligible to Contribute

If You Legally Separate or Divorce

If you legally separate or divorce, your participation continues in the 401(k) plan. However, in certain cases, your ex-spouse or legally separated spouse may be eligible for part or all of your vested account balance through a Qualified Domestic Relations Order (QDRO). See the *Glossary* for the definition of a Qualified Domestic Relations Order. When you legally separate or divorce, generally the following will apply:

- If you elected your ex-spouse or legally separated spouse as your beneficiary, that election remains in effect until you change it.
- If your ex-spouse or legally separated spouse was your beneficiary by default (because you did not elect a beneficiary), he or she will no longer be your beneficiary.
- If you do not elect a beneficiary, your beneficiary will generally default to your beneficiary for your Basic Group Life Insurance.
- You must contact the Merrill Lynch QDRO Processing Center at 727-866-5917 and speak with a representative regarding any domestic relations order or potential division of assets relating to your legal separation or divorce. You cannot contact your manager or any other Merrill Lynch Service Center regarding domestic relations orders or potential division of assets relating to your legal separation or divorce.

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If You Take a Leave of Absence

The length of any approved leave of absence, whether paid or unpaid, counts towards the one-year-of-service requirement for Merrill Lynch matching contributions and towards service for vesting. You may continue to direct the investments in your 401(k) Plan account and to request a loan or withdrawal.

Paid Leaves of Absence

Your participation is not affected during a paid leave of absence. Your Pretax, Roth, Catch-up (if applicable) and After-tax contributions will be deducted from eligible compensation you receive during your paid leave. See the *Glossary* for the definition of eligible compensation.

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You are responsible for making sure loan repayments, if applicable, are made. Generally, if loan repayments were deducted from your pay prior to your leave, those deductions will continue. Otherwise, you are responsible for repaying your loan by guaranteed funds. Personal checks will not be accepted. For more information about how to repay by guaranteed funds, see *About the Loan From Your Merrill Lynch 401(k) Plan account.* For a copy, access the 401(k) Info Center site (Click on "About Your 401(k) Loan"), or call the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. Representatives are available 7:00 am to 8:00 pm Eastern time any business day the New York Stock Exchange is open. If you are outside the U.S., call 609.818.8817 collect to speak with a representative.

Unpaid Leaves of Absence

Your Pretax, Roth, Catch-up (if applicable), After-tax and Matching contributions stop when your eligible compensation stops. Contributions automatically resume when you begin receiving eligible compensation.

If you have a loan outstanding, you are responsible for making your repayments by guaranteed funds. Personal checks will not be accepted. For more information about how to repay loans by guaranteed funds, see *About the Loan From Your Merrill Lynch 401(k) Plan account.* For a copy, access the 401(k) Info Center site, or call the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. Representatives are available 7:00 am to 8:00 pm Eastern time any business day the New York Stock Exchange is open. If you are outside the U.S., call 609.818.8817 collect to speak with a representative.

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If You Become Disabled

If you are eligible to receive payments under the Merrill Lynch Basic Long-Term Disability Plan:

- Your Pretax, Roth, Catch-up (if applicable), and Matching contributions generally stop because your eligible compensation stops; however, if you receive any eligible compensation for up to six months after you become disabled, your 401(k) contributions will continue to be deducted, and Merrill Lynch Matching contributions will continue to be made.
- The time you are eligible to receive payments from the Basic Long-Term Disability Plan counts toward the one-year-of-service requirement for Merrill Lynch matching contributions and towards service for vesting.
- You are responsible for making your 401(k) loan repayments by guaranteed funds. Personal checks will not be accepted.
- You may continue to direct the investments in your 401(k) Plan account and request withdrawals and loans.
- If you return from disability, you may begin to make 401(k) contributions after you receive your enrollment materials and enroll in the plan.

For more information, see Enrollment. See the *Glossary* for the definition of eligible compensation.

If you are no longer eligible to receive payments under the Merrill Lynch Basic Long-Term Disability Plan and do not return to work at Merrill Lynch, you can elect to receive a distribution from your 401(k) Plan account when you retire or terminate.

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If You Are Rehired

You can enroll in the 401(k) Plan after you receive your enrollment materials. For more information, see Enrollment. Your contributions begin as soon as practicable after you enroll.

If you leave Merrill Lynch and are rehired, all prior Merrill Lynch service counts toward the one-year-of-service requirement for Merrill Lynch matching contributions and towards service for vesting. If you are rehired within one year of leaving, the length of time you were gone also counts toward the one-year-of-service requirement for Merrill Lynch matching contributions and towards service for vesting. See the *Glossary* for the definition of year of service.

If you are rehired by Merrill Lynch within three months and have an outstanding loan when you are rehired, you are responsible for determining if any payments have been missed and for bringing your loan payments up to date so that your loan does not default. You can do this by calling the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. Representatives are available 7:00 am to 8:00 pm Eastern time any business day the New York Stock Exchange is open. If you are outside the U.S., call 609.818.8817 collect to speak with a representative .

If you are rehired by Merrill Lynch within seven years of termination, any amount that was forfeited in your 401 (k) Plan account will be reinstated – regardless of whether you elect to participate again. If you are re-employed after seven years, any forfeited amount will not be reinstated. If you had an account balance in a plan that was merged into the Merrill Lynch 401(k) Plan, you will need to contact the the Employee Service Center at 866.654.7411 **within six months of your rehire date** to request reinstatement of any forfeitures.

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If You Become Ineligible to Contribute

If you are an employee who becomes ineligible to contribute:

- Your contributions and related Merrill Lynch matching contributions stop.
- All Merrill Lynch service continues to count towards the one-year-of-service requirement for Merrill Lynch matching contributions and towards service for vesting.
- You may continue to direct the investments in your account and request withdrawals or loans for as long as the assets remain in your account.

If you have a loan outstanding, you are responsible for making your loan repayments by guaranteed funds.

If you become eligible to contribute at a later date, you can enroll in the 401(k) Plan after you receive your enrollment materials. For more information, see Enrollment. Your 401(k) contributions begin as soon as practicable after you enroll.

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http://ltm.worldnet.ml.com/?id=6651_60668_63595_63841_64036

LTM Homepage > Benefits FACTfinder > 401(k) Plan > If You Work in Puerto Rico

If You Work in Puerto Rico

If you work in Puerto Rico, some 401(k) provisions differ because of differences in local tax law. These differences are outlined here and are noted in the applicable sections:

- **Contribution rate** – You may contribute up to 10% of your eligible compensation, in 1% increments.
- **Contribution limit** – Your contributions are subject to a different annual contribution dollar limit (in 2006, the limit is $8,000).
- **Withdrawal** – If you apply for a nonhardship withdrawal, you must take 100% of the available amount, and your 401(k) contributions and corresponding Merrill Lynch Matching contributions are automatically suspended for six months.
- **Rollover limit** – Rollover contributions can be made only from a U.S.- tax-qualified plan that has also been tax-qualified in Puerto Rico. In addition, you must roll over 100% of the distribution amount; partial rollovers are not permitted.
- **Roth 401(k) Contributions** - Residents of Puerto Rico are not eligible to elect Roth contributions.

If you have any questions about the 401(k) Plan, call the Merrill Lynch Employee Retirement Savings Center at 800.MER.401K (800.637.4015) to speak with a representative. If you are outside the U.S., call 609.818.8817 collect to speak with a representative. For further information regarding tax implications, consult your personal tax advisor.

In This Chapter

- Facts First
- Who Is Eligible
- Enrollment
- Your Beneficiary
- Your Savings
- Vesting
- Tax Advantages of 401 (k) Savings
- Investing Your 401(k) Account Balance
- ESOP Diversification
- Loans and Withdrawals
- Receiving a Distribution at Retirement or Termination
- In Case of Your Death
- If You Have a Deferred Profit Sharing or Vocon Account
- Paying Taxes
- When Contributions End
- Life Events and Your Participation
- If You Work in Puerto Rico
- If You Work Outside the U.S.
- Administrative Legal Information
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If You Work Outside the U.S.

On This Page:

- Will These Contributions Be Subject to Local Taxes?
- Will Investment Earnings on These Contributions Be Subject to Local Taxes Annually?
- Do Any Loans or Withdrawal Restrictions Apply?
- Will the Withdrawal/Distribution of These Contributions Be Subject to Local Taxes?
- Will the Withdrawal/Distribution of Investment Earnings on These Contributions Be Subject to Local Taxes?

The following chart provides general guidelines and information to employees working outside the U.S. For the purposes of this chart, it is assumed that your assignment is temporary and ends in less than five years, and that you have not applied for permanent residence in your host country. Please also refer to the footnotes immediately following each table where applicable. Depending upon your host country location, there may be restrictions on withdrawals in order to satisfy local requirements or treaty requirements. The description of the tax rules in the following chart takes into account local tax rules and income tax treaty provisions, as they exist on the date of analysis. These laws and provisions are subject to change retroactively and/or prospectively and any such change could affect the validity of the conclusions reached.

It is suggested that you consult your personal tax advisor to determine the applicability or interpretation of foreign tax laws relevant to your particular facts and circumstances before undertaking any significant tax initiatives.

If you participate in the 401(k) Plan while you work outside the U.S., foreign law may also limit the availability of certain plan features. If you have any questions about your 401(k) Plan account, please call the Merrill Lynch Employee Retirement Savings Center at 800-637-4015 or 609-818-8817 . Representatives are available Monday through Friday from 7 a.m. to 8 p.m. Eastern time any day the New York Stock Exchange is open.

Note: The information in the chart on the following pages is in addition to any rules under the 401(k) Plan for U.S. employees and is divided into advice for regular 401(k) contributions and Roth 401(k) contributions.

In This Chapter

- Facts First
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Will Regular 401(k) Contributions Be Subject to Local Taxes?

If You Work in	Your 401(k) Contributions (when deducted from your pay)	Merrill Lynch Matching Contributions (when invested in your 401(k) Plan account)	Rollover Contributions (when invested in your 401(k) Plan account)

Argentina	Yes	Yes	No
Australia	No - provided you are considered temporary resident	No - provided you are considered temporary resident	No
Bahrain and Dubai	No	No	No
Brazil	No	No	No
Canada	No	No - see footnote	No
Chile	Yes	Yes	Yes
Hong Kong	Yes	No	No
India	Yes	Yes	No
Indonesia	Yes	No	No
Ireland	No	No	No
Italy	Yes	Yes	No
Japan	Yes	Yes	No
Korea	Yes	Yes	No
Luxembourg	Yes	Yes	No
Mexico	Yes	No	No
Monaco	No	No	No
Netherlands	Yes	Yes	No
Russia	Yes	Yes	Yes
Singapore	Yes	Yes	No
South Africa	No	No	No
Switzerland	No	No	No
Taiwan	Yes	No	No
United Kingdom	No - see footnote	No	No

Footnotes:

Canada: Employer contributions to a 401(k) plan generally fall under the Retirement Compensation Arrangement ("RCA") rules which result in reporting requirements to be complied with and a 50% refundable tax withholding on all employer contributions. However, if an employee was a member of the plan prior to establishing Canadian residency, employer contributions will not be subject to the RCA rules as long as a pension adjustment is reported for the first 5 years. After 5 years, an election is required to ensure that the plan is not subject to the RCA rules. A pension adjustment should continue to be reported.

United Kingdom: Employee contributions are made out of after tax income. Employees joining the plan for the first time in the UK after April 2006 do not receive any UK tax relief in respect of employee contributions.

Members of the plan prior to April 2006, or participating employees relocating to the UK can claim UK Income Tax relief via their year-end tax return (self assessment form).

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Will Investment Earnings on These Contributions in Your 401(k) Plan account Be Subject to Local Taxes Annually?

If You Work in	Your 401(k) Contributions	Merrill Lynch Matching Contributions	Rollover Contributions
Argentina	No	No	No
Australia	No	No	No
Bahrain and Dubai	No	No	No
Brazil	No	No	No
Canada	No	No	No
Chile	No - see footnote	No - see footnote	No - see footnote
Hong Kong	No	No	No
India	Yes for residents & ordinary residents. No for non-residents & not ordinary residents	Yes for residents & ordinary residents. No for non-residents & not ordinary residents	Yes for residents & ordinary residents. No for non-residents & not ordinary residents
Indonesia	No	No	No
Ireland	No - see footnote	No - see footnote	No - see footnote
Italy	No	No	No
Japan	No	No	No
Korea	No	No	No
Luxembourg	No	No	No
Mexico	No - see footnote	No - see footnote	No - see footnote
Monaco	No	No	No
Netherlands	No	No	No
Russia	No	No	No
Singapore	No	No	No
South Africa	No	No	No
Switzerland	No	No	No
Taiwan	No	No	No
United Kingdom	No	No	No

Footnotes:

Chile: For up to 3 years

Ireland: Provided the employee was contributing to the plan prior to assignment in Ireland and contributions are made within 5 years of arrival in Ireland.

Mexico: Interest earned by the Merrill Lynch Matching contributions should not be subject to Mexican Income Tax as long as the contributions are not vested.

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Do Any Loans or Withdrawal Restrictions Apply?

If You Work in	Do Any Loan Restrictions Apply?	Do Any Withdrawal Restrictions Apply?
Argentina	No	No
Australia	No	No
Bahrain and Dubai	No	No
Brazil	No	No
Canada	No	No
Chile	Yes - see footnote	Yes - see footnote
Hong Kong	No	No
India	No	No
Indonesia	No	No
Ireland	No	No
Italy	No	No
Japan	No	No
Korea	No	No
Luxembourg	No	No
Mexico	No	No
Monaco	No	No
Netherlands	No	No
Russia	No	No
Singapore	No	No
South Africa	No	No
Switzerland	No	No
Taiwan	No	No
United Kingdom	Yes - see footnote	Yes - see footnote

Footnotes:

Chile:

- Loans - if the loan exceeds U.S. $10,000, Foreign Exchange Regulations apply. Foreign loans are subject to a Stamp Tax (0.134% - 1.608%) between disbursement and maturity. Interest on foreign loans is generally subject to an additional 35% withholding tax.
- Withdrawals - if the withdrawal exceeds U.S. $10,000, Foreign Exchange Regulations apply.

United Kingdom: Withdrawals while employed by a UK entity are not permitted by ML policy. There may also be a UK tax charge if a non-qualifying (for UK tax purposes) withdrawal or transfer is taken within 5 complete tax years of leaving the United Kingdom. Transfer to another pension plan may be a non-qualifying transfer; personal tax advice should be sought.

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Will the Withdrawal/Distribution of These Contributions Be Subject to Local Taxes?

If You Work in	Your 401(k) Contributions	Merrill Lynch Matching Contributions	Rollover Contributions
Argentina	Yes	Yes	No
Australia	No	No	No
Bahrain and Dubai	No	No	No
Brazil	Yes	Yes	Yes
Canada	No	Yes	Yes
Chile	No	No	No
Hong Kong	No	Yes	No
India	No	No	No
Indonesia	No	No	No
Ireland	No	No	No
Italy	No	No	No
Japan	No	No	No
Korea	No	No	No
Luxembourg	No	No	No
Mexico	No	No	No
Monaco	No	No	No
Netherlands	No	No	No
Russia	No	No	No
Singapore	No	No	No
South Africa	No	No	No

Switzerland	No	No	No
Taiwan	No	No	No
United Kingdom	See footnote	See footnote	See footnote

Footnote:

United Kingdom: There are potential UK tax charges if a non-qualifying distribution is taken within 5 years of leaving the United Kingdom. Transfer to another pension plan may be a non-qualifying distribution/transfer and personal tax advice should be sought. These charges are specifically outside the UK/US tax treaty relieving provisions and will be charged at a rate of either 40% or 55%.

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Will the Withdrawal/Distribution of Investment Earnings on These Contributions Be Subject to Local Taxes?

If You Work in	Your 401(k) Contributions	Merrill Lynch Matching Contributions	Rollover Contributions
Argentina	No	No	No
Australia	No	No	No
Bahrain and Dubai	No	No	No
Brazil	Yes	Yes	Yes
Canada	Yes	Yes	Yes
Chile	No	No	No
Hong Kong	No	No	No
India	No	No	No
Indonesia	Yes	Yes	Yes
Ireland	No	No	No
Italy	Yes	Yes	Yes
Japan	No	No	No
Korea	Yes	Yes	Yes
Luxembourg	No	No	No
Mexico	No	No	No
Monaco	No	No	No
Netherlands	No	No	No
Russia	Yes	Yes	Yes
Singapore	No	No	No
South Africa	No	No	No

Switzerland	Yes	Yes	Yes
Taiwan	No	No	No
United Kingdom	See footnote	See footnote	See footnote

Footnotes:

Chile: For up to 3 years

United Kingdom: There are potential UK tax charges if a non-qualifying distribution is taken within 5 years of leaving the United Kingdom. Transfer to another pension plan may be a non-qualifying distribution/transfer and personal tax advice should be sought. These charges are specifically outside the UK/US tax treaty relieving provisions and will be charged at a rate of either 40% or 55%.

The following tables apply to the Roth 401(k) option.

Will Roth 401(k) Contributions Be Subject to Local Taxes?

Note: Contributions are made from after tax/ net income.

If You Work in	Merrill Lynch Matching Contributions (when invested in your Roth 401(k) Plan account)	Rollover Contributions (from other company sponsored Roth 401(k) Plan accounts)
Argentina	Yes	No
Australia	No	No
Bahrain and Dubai	No	No
Brazil	No	No
Canada	No	No
Chile	Yes	Yes
Hong Kong	No	No
India	Yes at vesting for service rendered in India	No
Indonesia		
Ireland	No	No
Italy	Yes	No
Japan	Yes	No
Korea	Yes	No
Luxembourg	Yes	No
Mexico	No	No
Monaco	No	No
Netherlands	Yes	No

Russia	Yes	Yes
Singapore	Yes	No
South Africa	No	No
Switzerland	No	No
Taiwan	Yes	No
United Kingdom	No	No

Will Investment Earnings on Roth 401(k) Contributions Be Subject to Local Taxes Annually?

If You Work in	Your Roth 401(k) Contributions	Merrill Lynch Matching Contributions	Rollover Contributions
Argentina	No	No	No
Australia	No	No	No
Bahrain and Dubai	No	No	No
Brazil	No	No	No
Canada	No	No	No
Chile	No	No	No
Hong Kong	No	No	No
India	No for non residents and not ordinary residents. Yes for residents & ordinary residents	No for non residents and not ordinary residents. Yes for residents & ordinary residents	No for non residents and not ordinary residents. Yes for residents & ordinary residents
Indonesia			
Ireland	No	No	No
Italy	No	No	No
Japan	No	No	No
Korea	No	No	No
Luxembourg	No	No	No
Mexico	No	No	No
Monaco	No	No	No
Netherlands	No	No	No
Russia	No	No	No
Singapore	No	No	No
South Africa	No	No	No

Switzerland	No	No	No
Taiwan	No	No	No
United Kingdom	No	No	No

Do Any Loans or Withdrawal Restrictions Apply to Your Roth 401(k)?

If You Work in	Do Any Loan Restrictions Apply?	Do Any Withdrawal Restrictions Apply?
Argentina	No	No
Australia	No	No
Bahrain and Dubai	No	No
Brazil	No	No
Canada	No	No
Chile	Yes - see foot note	Yes - see foot note
Hong Kong	No	No
India	No	No
Indonesia		
Ireland	No	No
Italy	No	No
Japan	No	No
Korea	No	No
Luxembourg	No	No
Mexico	No	No
Monaco	No	No
Netherlands	No	No
Russia	No	No
Singapore	No	No
South Africa	No	No
Switzerland	No	No
Taiwan	No	No
United Kingdom	Yes - see foot note	Yes - see foot note

Chile:

- Loans - if the loan exceeds U.S. $10,000, Foreign Exchange Regulations apply. Foreign loans are

subject to a Stamp Tax (0.134% - 1.608%) between disbursement and maturity. Interest on foreign loans is generally subject to an additional 35% withholding tax.
- Withdrawals - if the withdrawal exceeds U.S. $10,000, Foreign Exchange Regulations apply

United Kingdom: There are potential UK tax charges if a non qualifying distribution is taken within 5 years of leaving the United Kingdom. Transfer to another pension plan may be a non qualifying distribution / transfer and personal tax advice should be sought. These charges are specifically outside the UK/US tax treaty relieving provisions and will be charged at a rate of either 40% or 55%

Will the Withdrawal/Distribution of These Roth 401(k) Contributions Be Subject to Local Taxes?

If You Work in	Your Roth 401(k) Contributions	Merrill Lynch Matching Contributions	Rollover Contributions
Argentina	Yes	Yes	Yes
Australia	No	No	No
Bahrain and Dubai	No	No	No
Brazil	Yes	Yes	Yes
Canada	No	Yes	Yes
Chile	No	No	No
Hong Kong	No	Yes	No
India	No	No	No
Indonesia			
Ireland	No	No	No
Italy	No	No	No
Japan	No	No	No
Korea	No	No	No
Luxembourg	No	No	No
Mexico	Yes if resident	Yes if resident	Yes if resident
Monaco	No	No	No
Netherlands	No	No	No
Russia	Yes	No – taxed when contributed	Yes
Singapore	No	No	No
South Africa	No	No	No
Switzerland	Yes	Yes	Yes
Taiwan	No	No	No
United Kingdom	No provided you have returned to the US at the time of distribution	No provided you have returned to the US at the time of distribution	No provided you have returned to the US at the time of distribution

Will the Withdrawal/Distribution of Investment Earnings on These Contributions Be Subject to Local Taxes?

If You Work in	Your Roth 401(k) Contributions	Merrill Lynch Matching Contributions	Rollover Contributions
Argentina	No	No	No
Australia	No	No	No
Bahrain and Dubai	No	No	No
Brazil	Yes	Yes	Yes
Canada	Yes	Yes	Yes
Chile	No	No	No
Hong Kong	No	No	No
India	No	No	No
Indonesia			
Ireland	No	No	No
Italy	Yes	Yes	Yes
Japan	No	No	No
Korea	Yes	Yes	Yes
Luxembourg	No	No	No
Mexico	No	No	No
Monaco	No	No	No
Netherlands	No	No	No
Russia	Yes	Yes	Yes
Singapore	No	No	No
South Africa	No	No	No
Switzerland	Yes	Yes	Yes
Taiwan	No	No	No
United Kingdom	No provided you have returned to the US at the time of distribution	No provided you have returned to the US at the time of distribution	No provided you have returned to the US at the time of distribution

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PROSPECTUS

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

Merrill Lynch & Co., Inc. 401(k) Savings & Investment Plan

Common Stock (par value $1.33 1/3 per share, including Preferred Stock Purchase Rights)

The date of this document is October 16, 2006

Neither the Securities and Exchange Commission nor any State Securities Commission has approved these securities or determined that this prospectus is accurate and complete. Any representation to the contrary is a criminal offense.

You should rely only on the information contained in this document or that we have referred you to. We have not authorized anyone to provide you with information that is different. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. This document may not be used for the reoffer or resale of shares acquired under to the plan.

In this document, Merrill Lynch means Merrill Lynch & Co., Inc. All other terms used herein without definition have the meanings given to them in the plan.

AVAILABLE INFORMATION

Merrill Lynch and the 401(k) Savings & Investment Plan file reports and other information with the SEC. These reports, proxy statements, and other information can be inspected and copied at the SEC's public reference facilities at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. You can also obtain copies of such material for a price from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC maintains a Web site at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants, including Merrill Lynch, that file information electronically with the SEC.

Merrill Lynch will provide to you, at your request, a copy of its 2005 Annual Report to Stockholders and/or a copy of any or all of the documents incorporated by reference in this prospectus. The copies of documents will be provided without charge and will not include exhibits, other than those specifically incorporated by reference. You can obtain these copies by contacting Michael LaMaina, Assistant Secretary, Merrill Lynch & Co., Inc., 222 Broadway, 17th Floor, New York, New York 10038-2510, telephone number: (212) 670-0426.

Merrill Lynch Executive Offices. Merrill Lynch's principal executive office is located at 4 World Financial Center, New York, New York 10080; its telephone number is (212) 449-1000.

General Description

This document relates to interests in the plan and to shares of Merrill Lynch common stock that may be acquired as a result of contributions to the plan and thereafter may be distributed to participants or sold under the plan. The plan is available to eligible employees of Merrill Lynch and its subsidiaries.

Additional Documents

This document should be read with: (1) the summary plan description of the plan is located on the Leadership & Talent Management Website at http://ltm.worldnet.ml.com/401k and http://ltm.worldnet.ml.com/factfinder; (2) certain legal information, dated November 2001 (updated January 2005), entitled "Administrative Information" in the Benefits Factfinder at http://ltm.worldnet.ml.com/factfinder/administrative; and (3) the Investment Performance Results sheet and the Description of Investment Choices brochure.

All terms as used herein are as defined in the plan or in the summary plan description unless otherwise noted. Copies of the plan, together with information concerning the plan administrators, are available upon request by contacting Merrill Lynch Rewards and Recognition Planning - Employee Benefits, 4 World Financial Center (15th Floor), New York, New York 10080, telephone: (212) 449-1558.

GENERAL DESCRIPTION OF THE PLAN

This document relates to interests in the plan and to shares of Merrill Lynch common stock that may be acquired as a result of contributions to the plan and thereafter may be distributed to participants or sold under the plan. The plan is available to eligible employees of Merrill Lynch and its subsidiaries.

You are eligible to participate in the Merrill Lynch 401(k) Savings and Investment Plan as soon as you begin working for Merrill Lynch in a location where the plan is offered. When you join Merrill Lynch, you will automatically receive your enrollment materials and your Personal Identification Number (PIN) letter approximately two to three weeks after your first day of work. If you prefer to enroll within seven business days after beginning work, you may review the enrollment materials on line by accessing the 401(k) Info Center site link available on the Leadership & Talent Management (LTM) website. Once you have reviewed all the materials, you may enroll without having received your PIN through the mail by accessing Benefits OnLine® at http://ltm.worldnet.ml.com/bol or www.benefits.ml.com or by calling the Merrill Lynch Employee Retirement Savings Center at 800-MER-401K to speak with a representative. If you are outside the U.S , call 609-818-8817 collect to speak with a representative

If you are eligible for the plan you may elect to contribute from 1% to 25% of your eligible compensation in 1% increments, up to an annual dollar limit determined by the Internal Revenue Service ($15,000 in 2006). If you are 50 or older, you may save an additional $5,000 via the Catch-up Contribution in 2006. Your contributions are made on a pretax basis and are deducted from your pay before federal and, in most cases, state and local taxes are withheld.

In addition to your pretax savings, you can contribute an additional 1% to 25% of your eligible compensation up to an annual after-tax maximum of $10,000. Your additional contributions will be deducted from your after-tax pay. Taxes are deferred on any interest or earnings on your contributions until they are distributed.

Your 401(k) contributions are invested in your account as soon as practical after they are deducted from your pay. The plan offers a number of diverse investment choices. For a description of investments, see *Descriptions of Investment Choices* available on the 401(k) Info Center site on the Leadership & Talent Management (LTM) website or by calling the Merrill Lynch Employee Retirement Savings Center at 800-MER-401K to speak with a representative. If you are outside the U.S, call 609-818-8817 to speak with a representative.

After one year of service, Merrill Lynch matches one-half of the first 6% of eligible compensation you contribute pretax to your 401(k) account, up to an annual maximum Merrill Lynch contribution of $2,000. After-tax contributions are not matched. If you contribute to the 401(k) Plan and the Employee Stock Purchase Plan (ESPP) within the same calendar year, you are still eligible to receive Merrill Lynch matching contributions in the 401(k) for that year

Your 401(k) contributions, rollover contributions, dividends on Merrill Lynch stock, and associated earnings are always 100% vested. Merrill Lynch matching contributions become vested gradually over five years (20% per year). A portion of the plan is intended to constitute an employee stock ownership plan (ESOP) and is designed to hold shares of Merrill Lynch common stock.

Participants who choose Merrill Lynch common stock as an investment choice in their 401(k) account will be given the option of choosing to receive direct distribution of dividends in the common shares or cash, or to have those dividends reinvested in common shares.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

Merrill Lynch has received Internal Revenue Service determinations that the plan as originally adopted, and as amended, meets the requirements for qualification under Sections 401(a) and 401(k) of the Internal Revenue Code. Merrill Lynch undertakes to make all changes required by the Internal Revenue Service in order to continue to maintain the plan's qualified status. This continued qualification depends in part on the effect of the plan in operation, which is subject to review by the Internal Revenue Service on audit. Merrill Lynch has been advised by

its counsel, Sidley Austin LLP, that, under present law and regulations, and assuming that the plan is and will continue to be qualified under the Internal Revenue Code, the Federal income tax consequences of participation in the Plan are generally as set forth below.

Contributions. Subject to certain limitations set forth in the plan, all Merrill Lynch contributions and 401(k) contributions, with the exception of after-tax contributions, are excluded from your taxable income for Federal income tax purposes at the time those amounts are paid to the plan. Contributions that exceed these limits will be returned to you, with their earnings, and will be taxable income to you in the year for which they were originally contributed or the year they are returned, depending on the circumstances Those returned amounts will not, however, be subject to the additional 10% tax on early distributions discussed below. Contributions to the plan and contributions to other 401(k) plans in excess of the calendar year limit (e.g., $15,000 in 2006) that are not returned to you by April 15 of the following year could be taxed twice -- once in the year contributed and again when distributed from this plan and other plans. To avoid this result, you must direct one or more of those plans to distribute the excess contributions to you.

Generally no Federal income taxes are payable by you when dividends or interest are paid, or gains realized, on the investments held in your account under the plan (except in the case of certain direct distributions of dividends on Merrill Lynch common stock as described below).

Generally, all withdrawals or distributions from your 401(k) account are fully taxable as ordinary income (except in the case of certain distributions of Merrill Lynch common stock described below).

Merrill Lynch will be entitled to a deduction for its contributions and any 401(k) contributions to the plan for the year with respect to which those contributions were made and the dividends on Merrill Lynch common stock in the plan, subject to an aggregate limit (for all tax-qualified profit sharing and stock bonus plans of Merrill Lynch and participating subsidiaries and affiliates) as determined under Section 404 of the Internal Revenue Code.

Special treatment of common stock distributions. In the case of a "lump sum" distribution that contains Merrill Lynch common stock, the amount subject to Federal income tax at the time of distribution does not include any "net unrealized appreciation" attributable to the common stock, i.e., the market value of the common stock at the time of distribution minus its cost to the plan's trustee, unless you elect otherwise on the tax return that includes the distribution. If you don't elect to include the net unrealized appreciation in income at the time of the distribution, then, generally, the net unrealized appreciation will be taxable as long-term capital gain when you later sell the common stock.

Special treatment of lump sum distributions. Special tax rules apply to the portion of a "lump sum" distribution that is subject to tax at the time of distribution. A lump sum distribution means a distribution of your entire account balance in the plan, and in all other plans of the same type, (a) after attaining age 59 1/2, or (b) upon your death or separation from service. In order for it to be considered a lump sum distribution, you must have at least five years of participation in the plan before January 1 of the year of the distribution. Any subsequent distribution from the same plan or another plan, e.g., the Retirement Accumulation Plan, of the same type may be ineligible for lump sum treatment.

Participants who attained age 50 before January 1, 1986 may at any time elect to use the 10-year averaging rules in effect before the Tax Reform Act of 1986, using 1986 tax rates. Only one election to use these special averaging rules may be made after December 31, 1986 with respect to any individual employee.

Additional 10% tax on early distributions. If you (or your beneficiary) receive a distribution or withdrawal prior to age 59 1/2, other than because of (a) your death or disability or (b) a retirement or a termination of employment that occurs, in each case, during the calendar year in which you attain age 55, you will be subject to an additional excise tax on early distributions equal to 10% of the taxable portion of the distribution, unless other exceptions apply such as payments received in the form of an annuity or certain direct distributions of dividends on Merrill Lynch common stock.

Rollovers of distributions. Any part of the taxable portion of a distribution may be rolled over within 60 days of receipt to an individual retirement arrangement or other qualified employee retirement plan unless the distribution is one of a series of substantially equal payments made:

- over the life or joint life expectancies of the participant and beneficiary;
- over a specified period of 10 years or more; or
- as part of a required distribution after you have attained age 70-1/2.

To the extent that you roll over all or part of the taxable amount of an eligible distribution to an individual retirement arrangement or other qualified employee retirement plan, income taxes will be deferred. However, certain Federal income tax withholding requirements may still need to be satisfied, as described below.

If you sell the assets distributed from the plan within 60 days of the distribution, the proceeds of the sale will be treated as if they were the property originally distributed and may be rolled over into an eligible plan or individual retirement arrangement within 60 days of the distribution if the other requirements for a rollover, as discussed above, are met No portion of the gain or loss on the sale will be recognized, if the proceeds of the sale are rolled over in compliance with the requirements discussed above.

If you elect to roll over a portion of a non-lump sum distribution, all net unrealized appreciation attributable to Merrill Lynch common stock included in the distribution but not rolled over will be taxable as ordinary income. In addition, a rollover will preclude your ability to use of the special averaging rules, discussed above, for subsequent distributions from the same type of plan.

Withholding requirements. Any eligible rollover distribution that is not directly transferred to another qualified plan or individual retirement arrangement is subject to mandatory Federal income tax withholding at a 20% rate. You may not elect to waive this withholding requirement. The mandatory Federal income tax withholding requirement may be avoided if you elect a "direct rollover." This means that the eligible rollover distribution is made payable to an individual retirement arrangement or another qualified plan that accepts rollovers.

Once you receive a distribution, you may still elect to roll it over within 60 days. In order to exclude the entire amount of the eligible distribution from taxation, the distribution, net of withholding tax, plus an amount equal to the withholding tax must be rolled over into another qualified plan or individual retirement arrangement.

Vocon and Deferred Profit Sharing Accounts - special rules. In addition to their 401(k) accounts, certain participants in the plan may have funds in two other plan accounts: a "Vocon Account" and a "Deferred Profit Sharing Account." Deferred Profit Sharing Accounts were formed when the terminated Merrill Lynch Deferred Profit Sharing Plan was merged with the plan in 1987, and all benefits accrued under the former plan, relating to service prior to 1974, were transferred to this plan. Vocon Accounts were a former feature of another Merrill Lynch retirement plan that permitted participants to make voluntary after-tax contributions. As a result of changes in the Internal Revenue Code, all Vocon contributions ceased as of 1986, and these accounts were merged with this plan in 1987. No new participants in this plan are entitled to make either Vocon contributions or Deferred Profit Sharing contributions.

Direct distributions of dividends on Merrill Lynch common stock. You may to elect to receive a direct distribution of the dividends paid on shares of Merrill Lynch common stock held in the ESOP portion of your plan account. If you make this election, you will receive distributions as dividends are paid. No income tax will be withheld from these cash distributions, but the distributions will be taxable as ordinary income in the year of payment. The cash distributions will not be subject to the 10% additional tax on early distributions and will not be eligible to be rolled over to an individual retirement arrangement or other qualified employee retirement plan. If you choose not to make this election, all dividends on shares in the ESOP portion of your plan account will continue to be reinvested in Merrill Lynch common stock on a tax-deferred basis.

General. Because the provisions of the Internal Revenue Code relating to distributions from qualified plans are extremely technical, the foregoing discussion is necessarily very general and does not purport to be a complete description of the Federal income tax consequences of this plan. Federal estate and gift taxes, and state and local taxes, may also be relevant in a particular case. Participants and employees considering whether to participate in the plan should consult their personal tax advisor on any questions that they may have.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, filed with the SEC under the Exchange Act, are made part of this prospectus:

1. Merrill Lynch's Annual Report on Form 10-K for the fiscal year ended December 30, 2005
2. Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006.
3. Current Reports on Form 8-K dated January 4, 2006, January 19, 2006, January 25, 2006, February 15, 2006, February 17, 2006 and February 22, 2006, February 27, 2006, March 7, 2006 April 3, 2006, April 5, 2006, April 6, 2006, April 18, 2006, May 2, 2006,d May 4, 2006, May 12, 2006, May 16, 2006, June 9, 2006 (2 reports), July 6, 2006, July 18, 2006, July 25, 2006, July 27, 2006, August 4, 2006 and August 31, 2006, September 18, 2006, October 2, 2006 (2 reports) and October 10, 2006, filed pursuant to Section 13 of the Securities Exchange Act of 1934 (the "Exchange Act"), are incorporated by reference herein.

We also incorporate by reference each of the following documents that we will file with the SEC after the date of this prospectus until this offering is completed:

- reports filed under Sections 13(a) and (c) of the Exchange Act;
- definitive proxy or information statements filed under Section 14 of the Exchange Act in connection with any subsequent stockholders' meeting; and
- any reports filed under Section 15(d) of the Exchange Act.

You should rely only on information contained or incorporated by reference in this prospectus. We have not, and MLPF&S has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and MLPF&S is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus is accurate as of the date of this prospectus only. Our business, financial condition and results of operations may have changed since that date. You may request a copy of any filings referred to above (excluding exhibits), at no cost, by contacting us at the following address: Ms. Pia Thompson, Assistant Secretary, Merrill Lynch & Co., Inc., 222 Broadway, New York, New York 10038, Telephone: (212) 670-0426.

VALIDITY OF THE COMPANY'S COMMON STOCK

The validity of the Common Stock offered hereby is being passed upon for the Company by Sidley Austin LLP, 787 Seventh Avenue New York, NY 10019-6018, counsel for Merrill Lynch. In addition, Sidley Austin LLP has advised Merrill Lynch concerning certain Federal and state income tax consequences of participation in the plan.

No dealer, salesperson or other individual has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus in connection with the offer made by this prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstance create an implication that there has been no change in the affairs of the Company since the date hereof. This prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

MISCELLANEOUS

If you are deemed to be an officer or affiliate of Merrill Lynch under the Federal securities laws, or if you are an executive officer or a restricted persons, as determined by Merrill Lynch, you may be subject to certain restrictions on purchases and sales of common stock.